

Naofragio

International Newsletter for Subsea Treasure Salvors

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Naofragio Newsletter is a specialized business periodical dedicated to the undersea treasure recovery activity — Researching wreck locations, studying history, setting up diving operations, working with coins and artifacts, legal issues, coordinating with government agencies, and building marketing skills.

Tons of gold & silver coins are awaiting collectors as we enter the golden age of shipwreck recovery

Thousands of coins are missing from our collections. Yes, seriously — hundreds of tons of gold coins, and thousands of tons of silver coins will be recovered from the world's oceans in the next few years. The result will be more affordable scarce coins, including those with fascinating stories to tell of their journeys.

Some of the coins collectors are missing in their collections are waiting for recovery on the bottom of the world's oceans. Thanks to storms, earthquakes, crime, navigational errors, and explosions on board ships over four centuries, a small percentage of the coins being moved across oceans were lost. That small amount of the total historical treasure turns out to be billions of gold and silver coins hidden under sand, mud and coral.

We can now move past the daydreams and endless chats about how much was lost at sea and what might be found. Today all the elements of recovering coins from wrecks are in place. High technology equipment has proven itself. Far more serious historical research on treasure wrecks is now being done as the first step in a new recovery process. Governments have become more cooperative about recovering and displaying lost history. There is now a better understanding of the important role archeologists pay in uncovering shipwrecks. And coin collectors are enthusiastic about a wide range of numismatic items coming on the market without overpriced hype.

We all been impressed with the amazing scientific and industrial techniques used to find and bring up the thousands of gold coins and ingots from the *SS Central America* — and that was 36 years ago. Think about the mobile phone and television set you were using in 1985 and the ones you have now. That huge change has also taken place in the technology of treasure search and recovery on the world's seabed.

You paid much less for the phone and television you have now than the ones you had three decades ago. You will also be paying less for the recovered gold and silver coins in the future. Technology can now bring up more gold and silver from the seabed faster and safer at a lower cost. There will be so many treasure wrecks recovered that the coins we want in our collections will be at lower cost than the heavily hyped prices of the past.

The tons of coins lost in shipwrecks is a small fraction of the amount of wealth that successfully traveled from one point of the globe to another. Documents on sailing ships list chests of colored gemstones and diamonds, thousands of pearls, magnificent bronze cannons, Ming porcelain and artifacts made of silver and gold. Wrecks with such treasure are not the subject of this article — unless a few tons of desirable coins is part of the cargo.

We numismatists will not be distracted —we are only tracking lost coins here — and lots of them.

The Spanish mined more than 500,000 ounces of gold and more than five billion troy ounces of silver in the New World. The Portuguese discovered that Brazil had tons of gold in the 1700s and set about getting as much of it as possible to Lisbon. There were always official tallies of the treasure as it was moved from one place to another. And the unregistered contraband gold and silver that was mined, smelted, smuggled and also lost makes up another huge number.

Why this newsletter?

The spark for this new digital publication came from veteran ocean treasure hunter Bill Warren. Bill and I have been in contact for a few weeks now and his enthusiasm for going after treasures aboard sunken Manila galleons got me fired up. An old saying in business is “Find a need and fill it.” As Bill and I talked I wondered how much effort it takes to assemble a team and get underway. I continued the research I have been doing for the last few years on Hispanic coins, I saw a gap I could help fill.

There is a need for intellectual cross-pollination in the fields surrounding treasure salvors. Here are just a few examples:

- Divers and salvor firms need to better understand the history of the coins they recover — and also how the national governments they must partner with see that past.
- A new shipwreck museum in Spain now has the 560,000 8 *reales* coins the Odyssey company salvaged and surrendered from the *Nuestra Señora de los Mercedes*. But the government thinks all of the coins should be kept as museum artifacts. Ridiculous — keep 10,000 or so to display and sell the rest — they are as common as brown shoes.
- A company in Florida that has jewelry made from silver cobs refers each coin as a *reale*. The word is *real*, or *reales* plural. It is the only raw material involved in the company’s business, so let’s get the words of the product right. In a similar way, the singular of Mexican *tamales* is a *tamal*, not *tamale*.
- Archeologists are the most patient people in the world, waiting decades to open key digs. But they need to realize silver cannot sit in salt water infinitely. Divers must show they are meticulous in their artifact recovery efforts and willing to be good partners with them.
- A friend of mine who wrote a book about his diving adventures referred to a bust 8 reales coin as a pillar dollar. Nope. The pillar dollar, minted from 1732 to 1772, looks like this:



Both types of Spanish empire coins were legal tender in the young USA until 1850. Here is a colonial banknote referring to the Spanish dollar. And just to keep thing confusing, the word *real* in Spanish means both real and royal.

- Salvors need to appreciate museum managers and vice-versa. Treasure recovery teams should support local and national museums in the areas where they work. But just donating artifacts may not pay off. In my case, I found a rare example of the roller press minting process in dirt removed from the royal mint of Segovia and dumped. This copper strip [below] does a great job of showing people how bands of metal were run through waterwheel-powered mills to have obverse and reverse images of coins pressed into them. I donated this item — worth perhaps \$300 — to the Museum of Segovia. It vanished into the storage bunkers perhaps never to be seen again. There is space for displaying it in the museum, but management has not taken up adding it to the exhibit.



- Integrity must prevail. There have been far too many examples of bad behavior in the treasure salvor field in the last few decades. We will be discussing these criminal failings in coming issues.
- Many a dive group has had to wait months for government approvals to work a wreck site. What are the tricks for speeding up the process? How do we inspire government leaders at various levels to work with us? (And bribes are absolutely out of the question.) We will investigate and write about partnering with government in the months to come.

This is not TreasureNet.com

This publication is not produced for recreational treasure aficionados. If that is your hobby you may still read this newsletter dedicated to the treasure salvor business. Good hunting! Here is the introduction statement on the TreasureNet.com web site — “The largest Treasure Hunting Forum and Community on the Internet! We have discussion forums that cover a wide range of treasure related topics, from the Shipwrecks to Metal Detecting. Coins, Gold Prospecting, Techniques, Preservation, Mapping, Ghost Towns, Stamp Collecting, Fossils, North American Indian artifacts and everything in between.”

Time is the coin of your life.

It is the only coin you have, and only you can determine how it will be spent.

Be careful lest you let other people spend it for you.

Carl Sandburg



The word is 'Melt.'

This is what melt raw material looks like. In the coin collecting field we say it is the grade just below AG — Almost Good. This is not a rare coin. This is not a keeper. We don't care that this cob came from the famous 1715 Fleet wreck off the Florida coast. This coin's detail is dead and gone, it is not worth the \$125 on its web site price tag. It is worth about \$20 in silver and it is exactly what .930 fine silver ingots should be made from.

Saltwater and metal: It is not a pretty picture

It is called *Electrochemical Corrosion*: The combination of moisture, oxygen and salt, especially sodium chloride, damages metals. This mix eats away at metal, weakening it. Saltwater corrodes metal five times faster than fresh water.

When metal and saltwater meet electrochemical corrosion begins. Saltwater conducts electricity and contains ions, which attract ions from metals. During electrochemical corrosion, electrons from other compounds are attracted to the metallic ions. Saltwater attacks the metal and corrosion occurs.



The warm waters of the tropics such as the Caribbean are likely to cause damage the fastest, as warmer temperatures speed up oxidation and corrosion. These waters contain micro-organisms and corals that can encrust the coins, depleting their value, usually permanently. Cold northern seas—like those surrounding Scandinavia and England, can help keep coins in better condition.

The nature of the sea floor makes a big difference. A muddy bottom might help preserve coins by encasing and protecting them.

Coins in swirling sand are usually doomed to having scratches and worn down designs. Deep ocean waters tend to have weaker currents, so the sand at the bottom doesn't move around as much.) The right kind of sand can help preserve coins. Calcium carbonate sand

makes the ground water slightly alkaline, keeping damaging acidity away. Salt water can seriously damage silver and copper coins quickly, but we are happy to report that it has almost no effect on gold.

There are situations in which gold coins can suffer damage. For example, if the ship's wood breaks down and sets up an acidic environment for coins.

Saltwater corrosion on silver coins

A euphemism by created by Numismatic Guaranty Corporation (NGC) is *Shipwreck Effect*. Saltwater corrosion on silver in coin grading is explained* by NGC: "Exposure to saltwater has an irreversible effect on the surface of coins, and in most cases this prohibits NGC from rendering a precise assessment of a coin's condition. To earn this designation ... the coins must be recovered in an archeologically sound manner... with tested and proven procedures, which preserve the history of the wreck. The coins must be conserved through the least invasive means possible." The four levels of "Shipwreck Effect":

A: The coin has little surface disturbance from saltwater, and has superior eye appeal for a shipwreck artifact.

B: The coin shows light surface disturbance from saltwater, with some areas of moderate disturbance, not effecting design elements. It has above average eye appeal for a shipwreck recovered coin.

C: The coin displays moderate surface disturbance from saltwater, with average eye appeal. Attribution and identification is not hindered by any surface damage.

D: Portions of the coin have severe disturbance from saltwater and metal loss on the design. The coin's original surface before to saltwater exposure cannot be determined. After noting the level of surface disturbance, NGC assigns a grade to coins with C or better. Interestingly, the firm uses the classic G, VG, F VF, EF AU and UNC grades, not the 70-scale of other coin types. * I have edited this text for brevity and clarity.



The ancestors of mules like these hauled tons of silver ingots from Sevilla to the mints of Segovia and other cities in Spain. The trip took about a month!



Categories of numismatic treasure from Spanish galleons & naos

Collector coins: An unknown percentage of the coins recovered will be sufficiently free of saltwater damage to make them of interest to serious coin collectors. These will be graded Very Good (VG) or greater. Coins of a lower grade will be melted. (See Coin silver ingots below)

At this point we are proposing that the coins be sold to dealers in minimum quantities at 50% off the agreed upon retail value.

It is reasonable to recognize that the value of such coins will reflect market trends and supply and demand in the years to come. Promoting sales of such coins based on their future increase in value is to be questioned.

Concretions: Interesting clumps of silver coins fused together can be marketed for their novelty and troy ounce silver value. They are found in all sorts of sizes and shapes.

Coin silver ingots: Much of the silver coinage will have been corroded by salt water. Those coins below a numismatic grade of G or 'Good' should be considered "Melt." They should be cast into 10 troy ounce ingots (310 grams) and One Kilo (2.2. pounds) bars. These ingots could be stamped with the year of discovery, the name of the galleon they came from and a serial number.

The ingots should not be processed into pure .999 fine silver but will retain the Spanish coin silver fineness of the period — most likely .930,5. (Standard coin silver is .900 and sterling silver is .925 by comparison.)

Silver purity in Spanish empire coinage

Some examples of how Spain's official silver coin fineness varied over the centuries:

.930.5	Spain's coins for international trade 1492-1706
.916	Spain for international trade, 1707-1728
.9027	Coins for international trade, 1772-1786
.833	Coins in Spain, 1707-1709
.826	Coins in Spain, 1728-1772
.8125	Coins in Spain, 1772-1786
.8958	Coins in Spain, 1786-1848
.900	Spain's decimal coinage, 1848-1854.
.916	Jewelry silver in Spain in the late 1800s

Spanish mined silver ingots: Thousand of tons of silver headed for Spain from Peru and Mexico over some three centuries. These are numismatic items for the big kids of the hobby since they weigh about 80 pounds and now sell for about \$30,000 each. [See example below]



Thanks to Daniel Frank Sedwick LLC

Gold escudo coins (doubloons): The gold coins recovered will have minimal salt water damage. We would hope that only a few would have been marked by moving sand. A few might have coral growth or concretions stuck to them to be interesting.

Jewelry-level Hispanic coins: Silver coins with a gold or silver frame wrapped around them without solder and worn as a necklace are not likely to suffer damage or wear. While coins of any grade could be mounted in this way, we see lots of extremely low grade pieces being used in this way. This may be the fate of coins just above the grade of 'Melt.' "You can tell it's a Hispanic coin, the cross is there, you can't clearly make out castles or lions, but..." They typically come over-priced, but that just may be a personal opinion.



Examples of salvor cooperation with governments

The *Jesus María de la Limpia Concepción* sunk off Ecuador in 1654. Official records reported the loss of 3 million pesos of silver —2,212 ingots, 216 chests of coins, and 22 boxes of wrought silver, plus perhaps 10 million pesos of contraband and private consignments on the ship.

Spanish salvagers recovered 3,000,000 pesos in coins and bullion over eight years afterward, but they could not reach the lower holds.

- The wreck was rediscovered in the mid-1990s and salvaged in 1997. After Ecuador's government agreed to a 50-50 split with the group that found the wreck in 1998. Investors sold most of their half some 5,000 Potosí 8 and 4 reales coins at an auction in 1999. — GB

***Vergulde Draeck* ("Gilt Dragon"), sunk in 1656 off Western Australia**

Dutch East India Company trading vessel (known as an East Indiaman), This wreck added a huge supply of reasonably priced silver cobs to the market but only about half of the coins officially documented to be on board this ship have been found. The *Vergulde Draeck* carried silver cobs from various Spanish mints in eight chests totaling 45,950 coins.

- The wreck was found in 1963 by spear fishermen. Salvage efforts was coordinated with the Western Australian Museum. The coins recovered have sold with a small premium.

***Maravillas*, sunk in 1656 off Grand Bahama Island**

The *almiranta* of the Spanish fleet in 1656, the *Nuestra Señora de las Maravillas* was officially filled with over five million pesos worth of treasure plus more in contraband, as was common. Spanish salvagers soon recovered almost half a million pesos of treasure, followed by more recoveries over several decades, yet half of the treasure is still missing.

- The first rediscovery of the *Maravillas* in the 1900s was by Robert Marx and his company Seafinders in 1972, with coins featured in a 1974 Schulman auction in New York.
- The second salvage work on the *Maravillas* was by Marex in the late 1980s and early 1990s, The coins recovered were offered by Christie's (London) in 1992 and 1993, which featured many Bogotá cob 2 escudos, more Mexico and Potosí silver cobs, and several important artifacts.
- A big sale of *Maravillas* finds was in California in 2005, with ample Bogotá cob 2 escudos. The wreck area is still being searched today, but the Bahamian government has not granted any leases since the early 1990s. It is possible the bulk of the treasure is still in the wreck.

1715 Fleet, east coast of Florida

The Spanish 1715-Fleet disaster with reports of a loss of 14 million pesos (plus an equal or greater amount in contraband) and as many as 1,000 or more lives.

It was a typical case of overloaded Spanish galleons foundering in a hurricane after delayed departure. In effect the 1715 Fleet was a combination of two fleets: the *Nueva España* (New Spain, i.e., Mexico) Fleet from Mexico and the *Tierra Firme* (Mainland) Fleet from South America, some 12 or 13 ships in all. Nearly half of the registered gold and silver was recovered. In 1716, British freebooters raided the site and took some 350,000 pesos of the treasure to Jamaica.

- Modern salvage began in the late 1950s, A team of divers and associates got a salvage permit from the State of Florida. All of this took place over a period of years before it evolved into the Real Eight Company, whose ranks later included such luminaries as Robert Marx and Mel Fisher.

The vast treasures vary from coins to jewelry, cannons, religious artifacts to Ming porcelains. The 1715 Fleet remains the world's largest source for New World gold cobs, while the silver cobs recovered number in the hundreds of thousands.

- Auctions by Henry Christensen (1964); Parke-Bernet Galleries (1967) and Sotheby Parke Bernet (1973); the Schulman Coin and Mint (1972 and 1974); Bowers and Ruddy Galleries (1977) and even the U.S. Customs Service (2003).